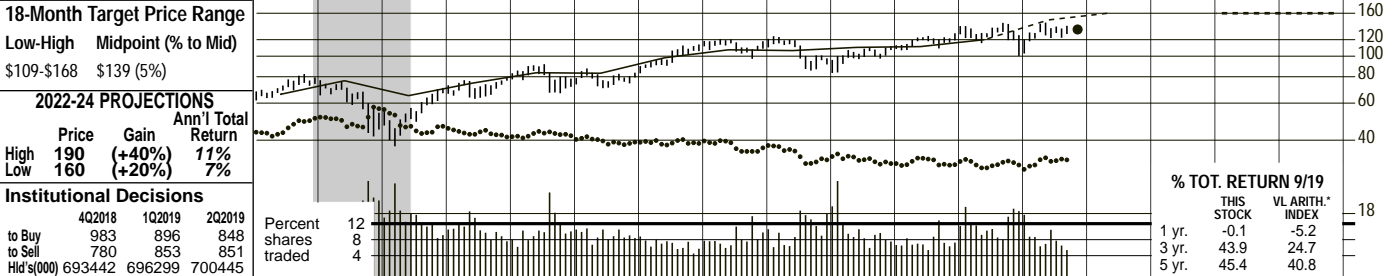


# UNITED TECH. NYSE-UTX

RECENT PRICE **133.79** P/E RATIO **16.2** (Trailing: 16.7 Median: 16.0) RELATIVE P/E RATIO **0.98** DIV'D YLD **2.2%** VALUE LINE

TIMELINESS — Suspended 10/11/19	High: 77.1	70.9	79.7	91.8	87.5	113.9	120.7	124.4	111.7	128.5	144.1	144.4	Target Price Range
SAFETY <b>1</b> Raised 5/9/97	Low: 41.8	37.4	62.9	66.9	70.7	83.1	97.3	85.5	83.4	106.9	100.5	103.2	2022 2023 2024
TECHNICAL — Suspended 10/11/19	LEGENDS — 12.0 x "Cash Flow" p sh ... Relative Price Strength Options: Yes Shaded area indicates recession												
BETA 1.05 (1.00 = Market)													



2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	© VALUE LINE PUB. LLC	22-24
30.19	36.63	41.70	48.04	55.79	62.27	56.49	58.97	64.14	62.80	68.32	71.59	66.92	70.79	74.88	77.19	<b>89.60</b>	<b>94.45</b>	Revenues per sh	114.65
3.07	3.68	4.09	4.79	5.50	6.38	5.43	6.22	6.97	6.93	8.19	8.94	8.86	9.18	9.27	9.98	<b>12.40</b>	<b>13.40</b>	"Cash Flow" per sh	17.15
2.35	2.73	3.05	3.64	4.27	4.90	4.12	4.74	5.49	5.34	6.21	6.82	6.29	6.61	6.60	7.61	<b>8.05</b>	<b>8.80</b>	Earnings per sh <sup>A</sup>	11.65
.57	.70	.88	1.02	1.17	1.35	1.54	1.70	1.87	2.03	2.20	2.36	2.56	2.62	2.72	2.84	<b>3.00</b>	<b>3.20</b>	Div'ds Decl'd per sh <sup>B</sup>	4.00
.52	.78	.92	.96	1.17	1.29	.88	.94	1.08	1.51	1.84	1.88	1.97	2.10	2.52	2.21	<b>2.35</b>	<b>2.45</b>	Cap'l Spending per sh	2.75
11.39	13.70	16.76	17.37	21.76	16.89	21.42	23.21	24.12	28.20	34.76	34.32	32.63	34.10	37.05	44.63	<b>50.00</b>	<b>56.15</b>	Book Value per sh <sup>C</sup>	76.95
1028.1	1022.2	1013.9	995.70	981.52	942.29	936.74	921.27	907.22	918.85	916.69	909.38	838.34	808.70	799.13	861.48	<b>860.00</b>	<b>855.00</b>	Common Shs Outst'g <sup>D</sup>	825.00
15.6	16.9	17.0	16.9	16.8	13.1	13.4	15.0	14.6	14.7	16.0	16.4	17.0	15.3	17.7	16.8	<b>17.0</b>	<b>16.8</b>	Avg Ann'l P/E Ratio	15.0
.89	.89	.91	.91	.89	.79	.89	.95	.92	.94	.90	.86	.86	.80	.89	.91	<b>.89</b>	<b>.91</b>	Relative P/E Ratio	.85
1.6%	1.5%	1.7%	1.6%	1.6%	2.1%	2.8%	2.4%	2.3%	2.6%	2.2%	2.1%	2.4%	2.6%	2.3%	2.2%	<b>2.3%</b>	<b>2.2%</b>	Avg Ann'l Div'd Yield	2.3%

CAPITAL STRUCTURE as of 6/30/19		2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	© VALUE LINE PUB. LLC	22-24
Total Debt \$45.2 bill.	Due in 5 Yrs \$18.0 bill.	52920	54326	58190	57708	62626	65100	56098	57244	59837	66501	<b>77070</b>	<b>80740</b>	Revenues (\$mill)	94600						
LT Debt \$37.9 bill.	LT Interest \$2.1 bill.	14.6%	15.6%	15.2%	14.3%	15.8%	16.0%	20.6%	17.0%	15.8%	15.5%	<b>16.3%</b>	<b>16.7%</b>	Operating Margin	20.8%						
	(47% of Cap'l)	1258.0	1356.0	1347.0	1524.0	1821.0	1907.0	1863.0	1962.0	2140.0	2433.0	<b>3725</b>	<b>3950</b>	Depreciation (\$mill)	4550						
		3829.0	4373.0	4979.0	4840.0	5686.0	6220.0	5563.0	5462.0	6168.0	6168.0	<b>6925</b>	<b>7525</b>	Net Profit (\$mill)	9610						
Annual Rentals Leases, uncapitalized \$683 mill.		27.4%	27.9%	29.3%	24.8%	25.9%	25.5%	31.5%	22.5%	27.4%	28.6%	<b>22.0%</b>	<b>22.0%</b>	Income Tax Rate	22.5%						
Pension Assets-12/18 \$35.3 bill.	Oblig. \$37.8 bill.	7.2%	8.0%	8.6%	8.4%	9.1%	9.6%	9.9%	9.5%	8.8%	9.3%	<b>9.0%</b>	<b>9.3%</b>	Net Profit Margin	10.2%						
Preferred Stock None		5281.0	5778.0	7142.0	5824.0	6642.0	6863.0	4088.0	6644.0	8467.0	4135.0	<b>2500</b>	<b>3500</b>	Working Cap'l (\$mill)	6750						
Common Stock 862,831,280 shares		8257.0	10010	9501.0	21597	19741	17872	19320	21697	24989	41192	<b>37000</b>	<b>35000</b>	Long-Term Debt (\$mill)	27000						
MARKET CAP: \$115.4 billion (Large Cap)		20066	21385	21880	25914	31866	31213	27358	27579	29610	38446	<b>43000</b>	<b>48000</b>	Shr. Equity (\$mill)	63500						
CURRENT POSITION	2017	2018	6/30/19	14.6%	14.9%	16.6%	11.1%	11.9%	13.7%	12.7%	12.1%	10.5%	8.4%	10.0%	10.0%	Return on Total Cap'l	11.5%				
Cash Assets	8985	6152	6819	19.1%	20.4%	22.8%	18.7%	17.8%	19.9%	20.3%	19.8%	17.8%	16.0%	<b>16.0%</b>	<b>15.5%</b>	Return on Shr. Equity	15.0%				
Receivables	12595	14271	13695	12.3%	13.5%	15.4%	11.9%	11.9%	13.4%	12.4%	12.3%	10.8%	10.4%	<b>10.0%</b>	<b>10.0%</b>	Retained to Com Eq	10.0%				
Inventory (Avg Cst)	9881	10083	10934	35%	34%	32%	36%	34%	33%	39%	38%	39%	35%	<b>37%</b>	<b>36%</b>	All Div'ds to Net Prof	34%				
Other	1397	4997	5610	<b>BUSINESS:</b> United Technologies Corp. operates in four business segments: <i>Pratt &amp; Whitney</i> (revenues of \$19.4 billion in '18) makes and services commercial and military aircraft engines; <i>Otis</i> (\$12.9 billion) the world's largest manufacturer and servicer of elevators and escalators; <i>Carrier</i> (\$18.9 billion) makes heating, ventilating, and air-conditioning (HVAC) equipment; <i>Collins Aerospace</i> (\$16.6 billion) produces aerospace and industrial products. Acquired Goodrich (aerospace) 7/12, sold Sikorsky (helicopters) in 2015. Dirs. & offs. own less than 1% of common; State Street, 10.4%; Vanguard, 7.6%; BlackRock, 6.3% (3/19 proxy). Employees: 240,200. CEO: Gregory J. Hayes. Inc.: DE. Addr.: 1 Financial Plaza, Hartford, CT 06101. Tel.: 860-728-7000. Web: www.utc.com.																	
Current Assets	32858	35503	37058	<b>We have suspended the Timeliness ranking on United Technologies stock.</b> The Otis elevator arm and Carrier HVAC operations are set to be individually spun off in the coming months. Too, UTX has entered into a separate "merger of equals" with Raytheon. It is safe to assume that fundamentals will not be the primary driver of the share price over the next few quarters, so we have taken the prudent move of removing the relative price performance reading for the coming six months to a year.																	
Accts Payable	9579	11080	11109	<b>Management's moves were questioned at first, but now most parties are coming around.</b> For the last couple of years, activist investors and the investment community clamored for a breakup of the industrial conglomerate. The strategy being that this separation would unlock shareholder value. Soon after all parties got their wish, the Raytheon pact was announced and most said it was too much, too fast. The primary concern being that UTX's earnings quality would be lowered. While this may be true in the short term, we like the deal on a longer-term basis, and larger shareholders are getting behind																	
Debt Due	2496	4345	7341	<b>it.</b> Influential proxy adviser Institutional Shareholder Services is now recommending a vote in favor of the marriage on the basis of a financially beneficial backdrop and complementary technologies.																	
Other	12316	15943	16972	<b>While the planned deals move forward, earnings for 2019 should come in around \$8.05 a share.</b> Aerospace operations are leading the way, and the industrial pieces that will be spun off are holding their own even in the face of some global economic headwinds. China, for starters, remains a concern on those fronts. But, second-quarter earnings bested expectations by a handsome margin, and our aforementioned bottom-line estimate is now a nickel above the target from three months ago.																	
Current Liab.	24391	31368	35422	<b>This high-quality selection's primary draw at current price levels is its solid dividend yield.</b> Those already on board are advised to stay put and await the benefits of the spinoffs and pending merger, and pocket the income component that is in-line with the <i>Value Line</i> median. That payout is also enough to draw in new income-minded accounts.																	

ANNUAL RATES	Past 10 Yrs	Past 5 Yrs	Est'd '16-'18 to '22-'24
Revenues	3.0%	2.5%	7.5%
"Cash Flow"	5.5%	5.0%	11.0%
Earnings	5.0%	4.0%	9.0%
Dividends	9.0%	6.0%	6.5%
Book Value	7.5%	6.0%	12.0%

Cal-endar	QUARTERLY REVENUES (\$ mill.)				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2016	13357	14874	14354	14659	57244
2017	13815	15280	15062	15680	59837
2018	15242	16705	16510	18044	66501
2019	18365	19634	19320	19751	77070
2020	19275	20550	20225	20690	80740

Cal-endar	EARNINGS PER SHARE <sup>A</sup>				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2016	1.47	1.82	1.76	1.56	6.61
2017	1.48	1.85	1.73	1.60	6.60
2018	1.77	1.97	1.93	1.95	7.61
2019	1.91	2.20	2.04	1.90	8.05
2020	2.10	2.30	2.20	2.20	8.80

Cal-endar	QUARTERLY DIVIDENDS PAID <sup>B</sup>				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2015	.64	.64	.64	.64	2.56
2016	.64	.66	.66	.66	2.62
2017	.66	.66	.70	.70	2.72
2018	.70	.70	.70	.735	2.84
2019	.735	.735	.735		

(A) Diluted EPS. Excludes charges and discontinued operations: '04, 15c; '05, 6c; '12, 32c; '13, 4c; '16, 49c; '17, 90c; '18, \$1.11. Quarterly figures may not sum due to rounding and/or changes in share count. Next earnings report due between October 21st and 25th. (B) Dividends historically paid in early March, June, September, and December. (C) Includes intangibles. In 2018: \$74.5 billion, \$86.47 a share. (D) In millions.

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Erik M. Manning October 11, 2019

Company's Financial Strength	A++
Stock's Price Stability	95
Price Growth Persistence	60
Earnings Predictability	95